

BALL JANIK LLP

A T T O R N E Y S

1455 F STREET, NW, SUITE 225
WASHINGTON, D.C. 20005

TELEPHONE 202-638-3307
FACSIMILE 202-783-6947

RECORDATION NO. 21393 FILED

MAY 11 1998

4 00 PM

LOUIS E. GITOMER
OF COUNSEL
(202) 466-6532

lgitomer@bjllp.com

May 11, 1998

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
Washington, DC 20423

Dear Secretary Williams:

I have enclosed two originals of each of the three documents described below, to be recorded pursuant to 49 U.S.C. § 11301.

The first document is a Master Lease Agreement, a primary document, dated as of May 1, 1998. We request that this document be given the next available Recordation Number.

The names and addresses of the parties to the Master Lease Agreement are:

Lessor:

Banc One Leasing Corporation
1111 Polaris Parkway, Suite A3
Columbus, OH 43240

Lessees:

South Central Tennessee Railroad Corporation
340 S. Central Drive
Centerville, TN 37033

Huron and Eastern Railway Company, Inc.
101 Enterprise Drive
Vassar, MI 48768

A description of the equipment covered by the Master Lease Agreement consists of 184 open top hopper cars identified in the Attachment.

Counterpart
[Signature]

BALL JANIK LLP

Honorable Vernon A. Williams

May 11, 1998

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The second document is Lease Schedule No. 1000065719, a secondary document, dated May 1, 1998. The primary document to which this is connected is to be recorded under a new Recordation Number. We request that one copy of this document be recorded under suffix A of the new Recordation Number.

The names and addresses of the parties to the Lease Schedule No. 1000065719 are:

Lessor:

Banc One Leasing Corporation
1111 Polaris Parkway, Suite A3
Columbus, OH 43240

Lessees:

South Central Tennessee Railroad Corporation
340 S. Central Drive
Centerville, TN 37033

Huron and Eastern Railway Company, Inc.
101 Enterprise Drive
Vassar, MI 48768

A description of the equipment covered by Lease Schedule No. 1000065719 consists of 184 open top hopper cars identified in the Attachment.

The third document is Schedule A-1, a secondary document, dated May 4, 1998. The primary document to which this is connected is to be recorded under a new Recordation Number. We request that one copy of this document be recorded under suffix B of the new Recordation Number.

The names and addresses of the parties to the Schedule A-1 are:

BALL JANIK LLP

Honorable Vernon A. Williams
May 11, 1998
Page 3

Lessees:

South Central Tennessee Railroad Corporation
340 S. Central Drive
Centerville, TN 37033

Huron and Eastern Railway Company, Inc.
101 Enterprise Drive
Vassar, MI 48768

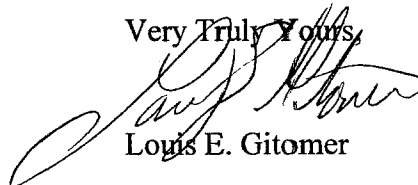
A description of the equipment covered by Schedule A-1 consists of 184 open top hopper cars identified in the Attachment.

A fee of \$ 78.00 is enclosed. Please return one original of each document to:

Louis E. Gitomer
Of Counsel
Ball Janik LLP
Suite 225
1455 F Street, N.W.
Washington, DC 20005

A short summary of the documents to appear in the index follows: (1) Master Lease Agreement between Banc One Leasing Corporation, 1111 Polaris Parkway, Suite A3, Columbus, OH 43240, and South Central Tennessee Railroad Corporation, 340 S. Central Drive, Centerville, TN 37033, and Huron and Eastern Railway Company. Inc., 101 Enterprise Drive, Vassar, MI 48768; (2) Lease Schedule No. 1000065719 between Banc One Leasing Corporation, 1111 Polaris Parkway, Suite A3, Columbus, OH 43240, and South Central Tennessee Railroad Corporation, 340 S. Central Drive, Centerville, TN 37033, and Huron and Eastern Railway Company. Inc., 101 Enterprise Drive, Vassar, MI 48768; and (3) Schedule A-1 by South Central Tennessee Railroad Corporation, 340 S. Central Drive, Centerville, TN 37033, and Huron and Eastern Railway Company. Inc., 101 Enterprise Drive, Vassar, MI 48768, all covering 184 open top hopper cars numbered in the Attachment.

Very Truly Yours,



Louis E. Gitomer

Enclosures

ATTACHMENT A

IC	866060
ICG	866063
ICG	866073
IC	866077
IC	866125
ICG	866181
ICG	866188
ICG	866198
IC	866202
ICG	866207
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IC	866196
IC	866208
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GMO	866373
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LEASE SCHEDULE NO. 1000065719

Master Lease Agreement dated May 1, 1998

Lessor: Banc One Leasing Corporation

Lessee: South Central Tennessee Railroad Corp. and Huron and Eastern Railway Company, Inc.

RECORDATION NO. 21393 FILED
(Daily Equivalent Interim Rent) LEASE
MAY 11 1998 4:00 PM

1. **GENERAL.** This Lease Schedule is signed and delivered under the Master Lease Agreement identified above, as amended from time to time ("Master Lease"), between Lessee and Lessor. Capitalized terms defined in the Master Lease will have the same meanings when used in this Schedule.

2. **LEASE; EQUIPMENT DESCRIPTION.** Lessor leases to Lessee, and Lessee leases from Lessor, all of the property ("Equipment") described in Schedule A-1 attached hereto (and Lessee represents that all Equipment is new unless specifically identified as used):

3. **LESSOR'S COST OF EQUIPMENT: \$2,689,413.50**

Equipment Cost:	\$2,689,413.50
Set-up/Filing Fee:	0.00
Miscellaneous:	0.00
Sales tax:	0.00

Total: \$2,689,413.50

4. **LEASE TERM.** The Base Term of this Schedule shall be Ninety-six (96) months and the Base Term shall commence on May 15, 1998 ("Commencement Date"). The total Lease Term consists of the Interim Term plus the Base Term. The Interim Term begins on the date that Lessor accepts this Schedule as stated below Lessor's signature ("Acceptance Date") and continues up to the Commencement Date.

5. **RENT/FEES.** There shall be added to each rent or other payment described below all applicable Taxes as in effect from time to time.

(a) As rent for the Equipment during the Interim Term, Lessee shall pay to Lessor on the Commencement Date an amount equal to one-thirtieth (1/30th) of the Periodic Rent multiplied by the number of days in the Interim Term. "Periodic Rent" means the total of all rent payments due and payable during the Base Term divided by the number of months in the Base Term.

(b) As rent for the Equipment during the Base Term, Lessee shall pay to Lessor monthly rent with each such periodic rent payment being in the amount of \$29,780.23. The first rent payment in the Base Term in the amount of \$29,780.23 (includes applicable tax) shall be paid in advance and all subsequent rent payments shall be paid on the same day of each payment period thereafter.

(c) Lessee shall pay Lessor a Set-Up/Filing Fee as follows:

- (1) \$500.00 shall be paid on the Acceptance Date, or
- (2) _____ has been included in the above Lessor's Cost of the Equipment.

6. **TITLE TO EQUIPMENT; QUIET POSSESSION.** Lessee agrees that Lessor is the lawful owner of the Equipment and that good and marketable title to the Equipment shall remain with Lessor at all times. Lessee at its sole expense will protect and defend Lessor's good and marketable title to the Equipment against all claims and demands whatsoever except for Liens created directly by Lessor. This Schedule is intended to be a lease transaction. Lessee shall have no right, title or interest in any of the Equipment except the right to peacefully and quietly hold and use the Equipment in accordance with the terms of the Lease during the Lease Term unless and until an event of default shall occur.

7. **TAX REPRESENTATIONS.** Lessee agrees that: (a) Lessee does not have, and the Lease will not create for Lessee, any equity or ownership interest in the Equipment; (b) the Equipment is not now, and will not be, "tax-exempt use property" as defined in Code Section 168; and (c) the Equipment has been placed in service as of the Acceptance Date.

8. **LESSEE'S ASSURANCES.** Lessee irrevocably and unconditionally: (a) reaffirms all of the terms and conditions of the Master Lease and agrees that the Master Lease remains in full force and effect; (b) agrees that the Equipment is and will be used at all times solely for commercial purposes, and not for personal, family or household purposes; and (c) incorporates all of the terms and conditions of the Master Lease as if fully set forth in this Schedule.

9. **RESERVED**

10. **OTHER DOCUMENTS; EXPENSES:** Lessee agrees to sign and deliver to Lessor any additional documents deemed desirable by Lessor to effect the terms of the Master Lease or this Schedule including, without limitation, Uniform Commercial Code financing statements which Lessor is authorized to file with the appropriate filing officers. Lessee hereby irrevocably appoints Lessor as Lessee's attorney-in-fact with full power and authority in the place of Lessee and in the name of Lessee to prepare, sign, amend, file or record any Uniform Commercial Code financing statements or other documents deemed desirable by Lessor to perfect, establish or give notice of Lessor's interests in the Equipment or in any collateral as to which Lessee has granted Lessor a security interest. The signing or filing of Uniform Commercial Code financing statements and other recordings are undertaken as a precaution only since the parties intend this Schedule to be a lease transaction. Lessee shall pay upon Lessor's written request any actual out-of-pocket costs and expenses paid or incurred by Lessor in connection with the above terms of this section or the funding and closing of this Schedule.

11. **REQUIRED INSURANCE:** The amount of insurance against loss of the Equipment shall equal the Stipulated Loss Value. The amount of public liability insurance shall be \$10,000,000.00 per occurrence.

12. **REPRESENTATIONS AND WARRANTIES:** Lessee represents and warrants that: (a) Lessee is a corporation, partnership or proprietorship duly organized, validly existing and in good standing under the laws of the state of its organization and is qualified to do business and is in good standing under the laws of each other state where it is required to do business; (b) Lessee has full power, authority and legal right to sign, deliver and perform the Master Lease, this Schedule and all related documents and such actions have been duly authorized by all necessary corporate, partnership or proprietorship action; and (c) the Master Lease, this Schedule and each related document has been duly signed and delivered by Lessee and each such document constitutes a legal, valid and binding obligation of Lessee enforceable in accordance with its terms.

13. **PURCHASE ORDERS AND ACCEPTANCE OF EQUIPMENT.** Lessee agrees that (i) Lessor has not selected, manufactured, sold or supplied any of the Equipment, (ii) Lessee has selected all of the Equipment and its suppliers, and (iii) Lessee has received a copy of, and approved, the purchase orders or purchase contracts for the Equipment. **AS BETWEEN LESSEE AND LESSOR, LESSEE AGREES THAT: (a) LESSEE HAS RECEIVED, INSPECTED AND APPROVED ALL OF THE EQUIPMENT; (b) ALL EQUIPMENT IS IN GOOD WORKING ORDER AND COMPLIES WITH ALL PURCHASE ORDERS OR CONTRACTS AND ALL APPLICABLE SPECIFICATIONS; (c) LESSEE IRREVOCABLY ACCEPTS ALL EQUIPMENT FOR PURPOSES OF THE LEASE "AS-IS, WHERE-IS" WITH ALL FAULTS; AND (d) LESSEE UNCONDITIONALLY WAIVES ANY RIGHT THAT IT MAY HAVE TO REVOKE ITS ACCEPTANCE OF THE**

EQUIPMENT.

LESSEE HAS READ AND UNDERSTOOD ALL OF THE TERMS OF THIS SCHEDULE. LESSEE AGREES THAT THERE ARE NO ORAL OR UNWRITTEN AGREEMENTS WITH LESSOR REGARDING THE EQUIPMENT OR THIS SCHEDULE.

BANC ONE LEASING CORPORATION
(Lessor)

By: *Jodell R. Ewing*

Title: *MGR, FUNDING*

SEE ATTACHED SIGNATURE PAGE
(Lessee)

By: _____

Title: _____

Witness: _____

Lessor's Acceptance Date: *5/8/98*
trueperd

CO-LESSEE SIGNATURE PAGE
SCHEDULE

Master Lease Agreement Date: May 1, 1998 Lease Number: 1000065719

Lessee Name: South Central Tennessee Railroad Corp. and Huron and Eastern Railway Company, Inc.

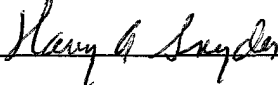
This Lessee Signature Page is attached to the Lease described above between Banc One Leasing Corporation, as Lessor, and the Lessees identified above as Co-Lessees. Notwithstanding the identification of the Lessee on the front of the Schedule the term "Lessee" shall mean all the Lessees identified above.

Lessees:

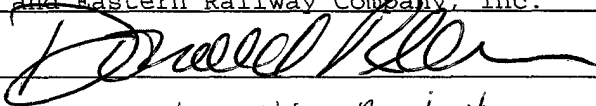
South Central Tennessee Railroad Corp.

By: 

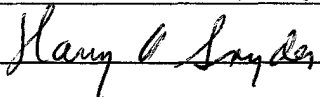
Title: Executive Vice President

Witness: 

Huron and Eastern Railway Company, Inc.

By: 

Title: Executive Vice President

Witness: 

)

SS.

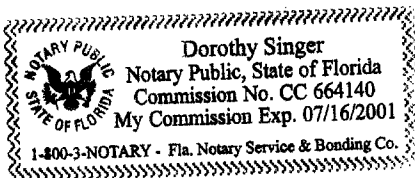
)

The foregoing Lease Schedule was acknowledged before me this Fourth day of May, 1998 by Donald D. Redfearn, Executive Vice President of Huron and Eastern Railway Company, Inc., a Michigan corporation, on behalf of the corporation.

Notary Public

My Commission Expires 07-16-01

seal

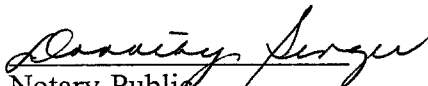


State of Florida)

ss.

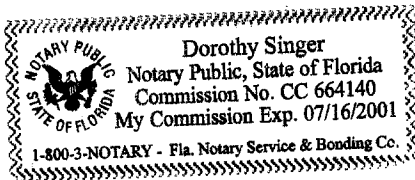
County of Palm Beach)

The foregoing Lease Schedule was acknowledged before me this Fourth day of May, 1998 by Donald D. Redfearn, Executive Vice President of South Central Tennessee Railroad Corp., a Delaware corporation, on behalf of the corporation.


Notary Public

My Commission Expires 07-16-01

seal



CORPORATE ACKNOWLEDGMENT

State of Ohio :
County of Franklin : SS.

The foregoing instrument, Lease Schedule,
was acknowledged before me this May 8, 1998 by (Officers'
Name) Todd Ehninger,
(Officer's Title) Manager, Funding, of (Name of
Corporation) Banc One Leasing Corporation,
a Ohio corporation, on behalf of the corporation.

[Notary Seal]

Cheryl Studebaker

Notary Public

Commission Expires March 30, 2001

CHERYL STUDEBAKER
NOTARY PUBLIC, STATE OF OHIO
MY COMMISSION EXPIRES MARCH 30, 2001